

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

1

QUARTERLY FINANCIAL REPORTING FORM

Submitted on 2/20/2004 4:36:28 PM

		1
1.	FOR THE QUARTER ENDING:	December 31, 2003
2.	Name:	Health Net Dental, Inc.
3.	File Number:(Enter last three digits) 933-0	171
4.	Date Incorporated or Organized:	June 12, 1972
5.	Date Licensed as a HCSP:	February 29, 1984
6.	Date Federally Qualified as a HCSP:	N/A
7.	Date Commenced Operation:	February 29, 1984
8.	Mailing Address:	95 Enterprise, Aliso Viejo, CA 92656
9.	Address of Main Administrative Office:	95 Enterprise, Aliso Viejo, CA 92656
10.	Telephone Number:	949-425-4300
11.	HCSP's ID Number:	94-2197624
12.	Principal Location of Books and Records:	95 Enterprise, Suite 100, Aliso Viejo, CA 92656
13.	Plan Contact Person and Phone Number:	Ronald Irwin Brendzel (949) 425-4300
14.	Financial Reporting Contact Person and Phone Number:	Dennis Lynn Gates (949) 425-4300
15.	President:*	James Edward Buncher #
16.	Secretary:*	Ronald Irwin Brendzel #
17.	Chief Financial Officer:*	Dennis Lynn Gates #
18.	Other Officers:*	Stephen James Baker #, Executive Vice President
19.		Robin (NMI) Muck #, Vice President
20.		
21.		
22.	Directors:*	James Edward Buncher #
23.		Ronald Irwin Brendzel #
24.		Dennis Lynn Gates #
25.		Stephen James Baker #
26.		
27.		
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32. President	James Edward Buncher (please type for valid signature)
33. Secretary	Ronald Irwin Brendzel (please type for valid signature)
34. Chief Financial Officer	Dennis Lynn Gates (please type for valid signature)
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.	
35. Check if this is a revised filing, and complete question 7 on page 2: <input checked="" type="checkbox"/>	
36. If all dollar amounts are reported in thousands (000), check here: <input type="checkbox"/>	

Check My Work.

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN**

QUARTERLY FINANCIAL REPORTING FORM

SUPPLEMENTAL INFORMATION

	1
1. Are footnote disclosures attached with this filing?	Yes <input type="button" value="v"/>
2. Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No <input type="button" value="v"/>
3. Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No <input type="button" value="v"/>
4. Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	No <input type="button" value="v"/>
5. Are there any significant changes reported on Schedule G, Section III?	No <input type="button" value="v"/>
6. If "yes", describe:	
7. If this is a revised reporting form, what is/are the reason(s) for the revision?	Revised filing due to errors in uploading original files on DHMC website

STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

REPORT #1 ---- PART A: ASSETS

1	2
CURRENT ASSETS:	Current Period
1. Cash and Cash Equivalents	838,253
2. Short-Term Investments	5,898,777
3. Premiums Receivable - Net	2,331,749
4. Interest Receivable	37,149
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	
7. Prepaid Expenses	244,851
8. Secured Affiliate Receivables - Current	
9. Unsecured Affiliate Receivables - Current	
10. Aggregate Write-Ins for Current Assets	0
11. TOTAL CURRENT ASSETS (Items 1 to 10)	9,350,779
OTHER ASSETS:	
12. Restricted Assets	411,038
13. Long-Term Investments	
14. Intangible Assets and Goodwill - Net	
15. Secured Affiliate Receivables - Long-Term	
16. Unsecured Affiliate Receivables - Past Due	
17. Aggregate Write-Ins for Other Assets	0
18. TOTAL OTHER ASSETS (Items 12 to 17)	411,038
PROPERTY AND EQUIPMENT	
19. Land, Building and Improvements	
20. Furniture and Equipment - Net	146,942
21. Computer Equipment - Net	194,840
22. Leasehold Improvements - Net	0
23. Construction in Progress	
24. Software Development Costs	333,737
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	675,519
27. TOTAL ASSETS	10,437,336
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001. Deferred Federal Tax Assets - Short Term	0
1002. Deferred State Tax Assets - Short Term	0
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS	
1701.	
1702.	
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
CURRENT LIABILITIES:	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	199,441	XXX	199,441
2. Capitation Payable	0	XXX	0
3. Claims Payable (Reported)	313,801		313,801
4. Incurred But Not Reported Claims	1,335,199		1,335,199
5. POS Claims Payable (Reported)			0
6. POS Incurred But Not Reported Claims			0
7. Other Medical Liability			0
8. Unearned Premiums	981,915	XXX	981,915
9. Loans and Notes Payable		XXX	0
10. Amounts Due To Affiliates - Current	2,746,425	XXX	2,746,425
11. Aggregate Write-Ins for Current Liabilities	2,522,097	0	2,522,097
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	8,098,878	0	8,098,878
OTHER LIABILITIES:			
13. Loans and Notes Payable (Not Subordinated)		XXX	0
14. Loans and Notes Payable (Subordinated)		XXX	0
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	0	XXX	0
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	0	XXX	0
19. TOTAL LIABILITIES	8,098,878	0	8,098,878
NET WORTH			
20. Common Stock	XXX	XXX	1,174,209
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	
23. Contributed Capital	XXX	XXX	
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	1,104,108
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	60,141
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	2,338,458
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	10,437,336
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES			
1101. Accrued Labor and Benefits	252,922		252,922
1102. Accrued Other Expenses	675,507		675,507
1103. Other Current Liabilities	0		0
1104. Payable to HealthNet	1,593,668		1,593,668
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	2,522,097	0	2,522,097
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES			
1701. Deferred Federal Tax Liability - Long Term	0	XXX	0
1702. Deferred State Tax Liability - Long Term	0	XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0	XXX	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501. Unrealized Gain/(Loss) on Securities Held for Sale	XXX	XXX	60,141
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	60,141

STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
REVENUES:		
1. Premiums (Commercial)	5,255,198	23,286,679
2. Capitation		
3. Co-payments, COB, Subrogation		
4. Title XVIII - Medicare	496,355	1,004,420
5. Title XIX - Medicaid	6,619,184	24,717,827
6. Fee-For-Service		
7. Point-Of-Service (POS)		
8. Interest	27,647	153,954
9. Risk Pool Revenue		
10. Aggregate Write-Ins for Other Revenues	10,770	107,947
11. TOTAL REVENUE (Items 1 to 10)	12,409,154	49,270,827
EXPENSES:		
Medical and Hospital		
12. Inpatient Services - Capitated		
13. Inpatient Services - Per Diem		
14. Inpatient Services - Fee-For-Service/Case Rate		
15. Primary Professional Services - Capitated	5,399,051	21,587,762
16. Primary Professional Services - Non-Capitated	3,154,387	11,985,834
17. Other Medical Professional Services - Capitated		
18. Other Medical Professional Services - Non-Capitated	34,633	366,543
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	5,620	60,983
20. POS Out-Of-Network Expense		
21. Pharmacy Expense - Capitated		
22. Pharmacy Expense - Fee-for-Service		
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	0	0
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	8,593,691	34,001,122
Administration		
25. Compensation	1,531,574	5,219,512
26. Interest Expense		
27. Occupancy, Depreciation and Amortization	383,252	1,528,149
28. Management Fees		
29. Marketing	651,460	3,696,261
30. Affiliate Administration Services	741,483	1,558,751
31. Aggregate Write-Ins for Other Administration	507,493	2,460,057
32. TOTAL ADMINISTRATION (Items 25 to 31)	3,815,262	14,462,730
33. TOTAL EXPENSES	12,408,953	48,463,852
34. INCOME (LOSS)	201	806,975
35. Extraordinary Item		
36. Provision for Taxes	-163,570	179,425
37. NET INCOME (LOSS)	163,771	627,550
NET WORTH:		
38. Net Worth Beginning of Period	4,677,064	4,205,782
39. Audit Adjustments		
40. Increase (Decrease) in Common Stock		
41. Increase (Decrease) in Preferred Stock		
42. Increase (Decrease) in Paid in Surplus		
43. Increase (Decrease) in Contributed Capital		
44. Increase (Decrease) in Retained Earnings:		
45. Net Income (Loss)	163,771	627,550
46. Dividends to Stockholders	-2,500,000	-2,500,000
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	-2,377	5,126
49. NET WORTH END OF PERIOD (Items 38 to 48)	2,338,458	2,338,458

STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES		
1001. Administration Fees	10,770	107,947
1002.		
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	10,770	107,947
DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES		
2301.		
2302.		
2303.		
2304.		
2305.		
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101. Insurance and Benefits	98,981	1,029,387
3102. Professional Services	144,937	280,824
3103. Supplies/Training/Other	64,656	750,729
3104. Postage and Shipping	86,007	100,657
3105. Telephone	27,601	201,159
3106. Equipment Rental	85,311	97,301
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	507,493	2,460,057
DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS		
4801. (Decrease) Increase in Market Value of Marketable Securities	-2,377	5,126
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	-2,377	5,126

REPORT #3: STATEMENT OF CASH FLOWS

1	2	3
	Current Period	Year-to-Date
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
1. Group/Individual Premiums/Capitation	5,101,224	22,706,554
2. Fee-For-Service		
3. Title XVIII - Medicare Premiums	460,505	1,004,420
4. Title XIX - Medicaid Premiums	6,628,077	24,717,827
5. Investment and Other Revenues	17,606	286,082
6. Co-Payments, COB and Subrogation		
7. Medical and Hospital Expenses	-8,974,943	-34,146,473
8. Administration Expenses	-1,753,140	-11,980,335
9. Federal Income Taxes Paid	-349,941	-365,539
10. Interest Paid		
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	1,129,388	2,222,536
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
12. Proceeds from Restricted Cash and Other Assets		
13. Proceeds from Investments	6,250	1,900,345
14. Proceeds for Sales of Property, Plant and Equipment		
15. Payments for Restricted Cash and Other Assets		
16. Payments for Investments	-4,008,311	-4,657,295
17. Payments for Property, Plant and Equipment		
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-4,002,061	-2,756,950
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:		
19. Proceeds from Paid in Capital or Issuance of Stock		
20. Loan Proceeds from Non-Affiliates		
21. Loan Proceeds from Affiliates		
22. Principal Payments on Loans from Non-Affiliates		
23. Principal Payments on Loans from Affiliates		
24. Dividends Paid	-2,500,000	-2,500,000
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0	0
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	-2,500,000	-2,500,000
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	-5,372,673	-3,034,414
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	6,210,926	3,872,667
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	838,253	838,253
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
30. Net Income	163,771	627,550
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
31. Depreciation and Amortization	179,318	768,354
32. Decrease (Increase) in Receivables	-417,384	-877,541
33. Decrease (Increase) in Prepaid Expenses	-205,725	-117,443
34. Decrease (Increase) in Affiliate Receivables	1,188,572	1,075,795
35. Increase (Decrease) in Accounts Payable	869,009	725,063
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	-380,931	-145,351
37. Increase (Decrease) in Unearned Premium	236,453	297,416
38. Aggregate Write-Ins for Adjustments to Net Income	-503,695	-131,307
39. TOTAL ADJUSTMENTS (Items 31 through 38)	965,617	1,594,986
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	1,129,388	2,222,536
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME		
3801. Change in Other Assets	9,815	54,807
3802. Change In Net Deferred Income Taxes Payable	-45,714	-114,907
3803. Change in Net Income Taxes Payable	-467,796	-71,207
3898. Summary of remaining write-ins for Item 38 from overflow page		
3899. TOTALS (Items 3801 thru 3803 plus 3898)	-503,695	-131,307

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REPORT #4: ENROLLMENT AND UTILIZATION TABLE**TOTAL ENROLLMENT**

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	190,654		1,276	189,378	570,334			0		0	
2. Medicare Risk	15,201	6		15,207	45,659			0		0	
3. Medi-Cal Risk	62,021		16	62,005	185,472			0		0	
4. Individual	27,665		64	27,601	82,981			0		0	
5. Point of Service				0				0			
6. Aggregate write-ins for Other	121,436	5,145	0	126,581	375,586	0	0	0	0	0	
7. Total Membership	416,977	5,151	1,356	420,772	1,260,032	0	0	0	0	0	
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group				0				0			
602. Healthy Families	121,436	5,145		126,581	375,586			0		0	
603. AIM				0				0			
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699. 698) (Line 6 above)	121,436	5,145	0	126,581	375,586	0	0	0	0	0	

Note: Line 1 includes membership and member months in Hawaii of 0 and 0, respectively, as of September 30, 2003.

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. N/A for quarterly filing		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9. Total Cash on Deposit		0
10. Cash on Hand (Petty Cash)		
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		0

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
12. N/A for quarterly filing		
13.		
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		0

* Indicate the Balance Per the HMO's Records

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STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	N/A for quarterly filing					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
28.						0
29.						0
30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

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STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	NONE					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
28.						0
29.						0
30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed	80,590	407	407	112	81,516
55.	Total	80,590	407	407	112	81,516

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STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

1	2	3	4	5	6	7
Name of Debtor	1-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
1. N/A for quarterly filing						0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
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16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23. Aggregate Accounts Not Individually Listed - Due						0
24. Total	0	0	0	0	0	0

**

SCHEDULE G - UNPAID CLAIMS ANALYSIS
SECTION I - CLAIMS UNPAID

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims			0
2. Physician Claims	1,335,199	313,801	1,649,000
3. Referral Claims			0
4. Other Medical			0
5. TOTAL	1,335,199	313,801	1,649,000

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11. December 31, 2003	4,536	6,891	8,975	42	0	2,410
13. November 30, 2003	3,799	6,594	5,813	44	0	4,536
14. October 31, 2003	2,867	7,509	6,534	43	0	3,799
15. September 30, 2003	2,764	6,243	6,097	54	11	2,867
16. August 31, 2003	3,521	8,849	9,593	71	58	2,764
17. July 31, 2003	4,984	7,417	8,831	73	24	3,521
18. June 30, 2003	8,742	6,919	10,589	54	-34	4,984
19. May 31, 2003	9,232	8,967	9,359	47	-51	8,742
20. April 30, 2003	4,046	11,475	6,288	73	72	9,232
21. March 31, 2003	1,667	7,423	5,107	419	482	4,046
22. February 28, 2003	1,016	4,030	3,339	362	322	1,667
23. January 31, 2003	1,487	3,748	4,195	613	589	1,016

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

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STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
1.	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
2.	December 31, 2003	2,410				2,410
3.	November 30, 2003	4,536				4,536
4.	October 31, 2003	3,799				3,799
5.	September 30, 2003	2,859	8			2,867
6.	August 31, 2003	2,764				2,764
7.	July 31, 2003	3,314	207			3,521
8.	June 30, 2003	4,606	378			4,984
9.	May 31, 2003	5,997	2,745			8,742
10.	April 30, 2003	7,344	1,888			9,232
11.	March 31, 2003	3,378	668			4,046
12.	February 28, 2003	1,517	150			1,667
13.	January 31, 2003	991	25			1,016

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STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag
1. December 31, 2003	1,649,000	XXX	1,649,000	1,649,000
2. September 30, 2003	2,097,723	1,957,176	140,547	309,412
3. June 30, 2003	2,396,160	2,338,652	57,508	99,223
4. March 31, 2003	2,526,004	2,504,954	21,050	27,890
5. December 31, 2002	1,929,087	1,926,515	2,572	3,341
6. September 30, 2002	1,740,121	1,740,121	0	0
7. June 30, 2002	1,476,276	1,476,276	0	0
8. March 31, 2002	1,139,141	1,139,141	0	0

* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

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NOTES TO FINANCIAL STATEMENTS	
1.	See separate attachment for notes to financial statements.
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STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

KNOX-KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.	Provisions for incurred and unreported claims are based on actuarial evaluations of providers' claims submitted and include provisions for incurred but unreported claims.				
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	NONE			0	< year
3.					
4.					
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.	N/A				
8.					
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.	N/A				
13.					
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity		\$	2,338,458	
17.	Add: Subordinated Debt		\$		
18.	Less: Receivables from officers, directors, and affiliates		\$		
19.	Intangibles		\$		
20.	Tangible Net Equity (TNE)		\$	2,338,458	
21.	Required Tangible Net Equity (See Page 22)		\$	1,035,494	
22.	TNE Excess (Deficiency)		\$	1,302,964	
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees		\$	12,370,737	
24.	Administrative Costs		\$	3,815,262	
25.	Percentage			31	
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:		\$	40,078	
27.	Total costs for health care services for the immediately preceding six months:		\$	17,073,242	
28.	Percentage			0	

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	12,370,737
41. Percentage		0
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	8,593,691
44. Percentage		0
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		
51. Average Length of Stay for Point of Service enrollees		
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	

STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

		Full Service Plans		Specialized Plans	
		1		2	
A.	Minimum TNE Requirement	\$ 1,000,000		Minimum TNE Requirement	\$ 50,000
B.	REVENUES:				
1.	2% of the first \$150 million of annualized premium revenues	\$		2% of the first \$7.5 million of annualized premium revenue	\$ 150,000
	Plus			Plus	
2.	1% of annualized premium revenues in excess of \$150 million	\$		1% of annualized premium revenue in excess of \$7.5 million	\$ 417,708
3.	Total	\$ 0		Total	\$ 567,708
C.	HEALTHCARE EXPENDITURES:				
4.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$		8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 600,000
	Plus			Plus	
5.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$		4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$ 196,534
	Plus			Plus	
6.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$		4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7.	Total	\$ 0		Total	\$ 796,534
8.	Required "TNE" - Greater of "A" "B" or "C"	\$		Required "TNE" - Greater of "A" "B" or "C"	\$ 1,035,494

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1	
1. Net Equity	\$	2,338,458
2. Add: Subordinated Debt	\$	
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	
5. Tangible Net Equity (TNE)	\$	2,338,458
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$	
7. TNE Excess (Deficiency)	\$	2,338,458
ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):		
I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	
10. Add lines 8 and 9	\$	0
II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):		
<u>PART A</u>		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$	
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	
13. Add lines 11 and 12	\$	0
III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING		
14. Line 5 (above)	\$	2,338,458
15. Multiply Line 6 (above) by 130%	\$	0
16. Difference (Line 14 - Line 15)	\$	2,338,458
If Line 14 is less than Line 15, then monthly reporting is required		

STATEMENT AS OF 12-31-2003 OF 933-0171 Health Net Dental, Inc.

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

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